

State of Utah DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

355 West North Temple 3 Triad Center, Suite 350 Salt Lake City, Utah 84180-1203 801-538-5340



May 25, 1989

Mr. E. B. King, President Jumbo Mining Company 6305 Fern Spring Cove Austin, Texas 78730

Dear Mr. King:

Re: <u>Technical Review of Notice of Intention to Commence Large Mining Operations</u>, <u>Drum Mountain Project and Drum Mine</u>, <u>M/027/007</u>, <u>Millard and Juab Counties</u>, Utah

Thank you for your April 27, and May 3, 1989 responses to the Division of Oil, Gas, and Mining's (DOGM) April 4, 1989 review of Jumbo Mining Company's (JUMBO) proposed Drum Mountain Project in Juab County, Utah.

The following comments are directed toward finalization of permitting actions for the Drum Mountain Project (Alto/Ibex).

R613-004-106(2) Operation Practices, Deleterious Materials

Reference Operator's 1.0

The Division has committed to providing the soil analysis for high sodium and SAR at the site and will follow through with this commitment.

R613-004-106(5) Operational Plan, Soils

Reference Operator's 6.0

A soil nutrient analysis will be performed by the Division, along with the previously mentioned evaluation for salts and SAR values.

R613-004-111(6) Revegetation and Topsoiling of Slopes

Reference Operator's 3.3

The Division will grant a variance from the requirements to topsoil and revegetate the waste-rock dumps proposed for the Alto-Ibex project. This variance will apply only to those areas where cast out material will settle on steeper than angle of repose, natural slopes. This variance will also apply to the pit highwalls proposed to be developed at these sites.

Page 2 Mr. E. B. King M/027/007 May 25, 1989

The Division will not require the operator to salvage topsoil where none exists. Waste areas that are not topsoiled must still be reseeded. If the laboratory analysis of the waste material indicates it is deleterious, then it must be covered with a minimum 3 foot depth of borrowed material.

R613-004-113 Surety

- 1. JUMBO must provide a reclamation surety to the Division for reclamation of all pertinent existing and proposed surface disturbances. A surety estimate of \$162,000 (copy attached) has been calculated based upon information presented to date by JUMBO. This estimate includes the Drum Mountain Project properties and those disturbed areas (Drum Mine), which JUMBO has indicated they will continue to use. This figure may need to be revised pending final resolution of the permit transfer process between WSMC and JUMBO. Additional future surface disturbances proposed by Jumbo may also require adjustment to the surety amount.
- JUMBO must submit a completed Reclamation Contract (FORM MR-RC) along with the required surety. A copy of FORM MR-RC is attached for the operator's use. The form and amount of the surety must be approved by the Board of Oil, Gas and Mining.

R613-004-120 Transfer of Notice of Intention

On October 12, 1988, the sales agreement, between JUMBO and Western States Minerals Corporation (WSMC), for the Drum Mine was finalized. A *complete* permit transfer application (FORM MR-TRL), has not been filed with this office. The permit transfer document must be completed by *both* parties (Jumbo Mining Company & Western States Minerals Corporation). The Division cannot formally recognize JUMBO as the new operator of the Drum Mine, or release any of WSMC's reclamation surety, until this action is completed.

The Permit Transfer document must specifically identify, **by attached map(s) and legal description**, the permitted properties which are being transferred to JUMBO and those portions (if any) which will be retained by WSMC. The minimum map scale must be 1" = 200'. It is JUMBO's responsibility to have the formal transfer documentation completed by both consenting parties and then returned to the Division. A new FORM MR-TRL is attached for the operators use.

We have tentatively scheduled this matter to be presented before the Board of Oil, Gas and Mining during the July 27, 1989 board hearing. *The following information must be received no later than July 12, 1989 to be included on the July agenda*. (June 8, 1989 is the deadline for scheduling agenda items for the June 22, 1989 board hearing.)

1. The completed permit transfer document, FORM MR-TRL, with all required attachments and both company signatures.

- 2. The **form** (type) of reclamation surety which JUMBO will submit to the Division. The actual surety must be received prior to the date of the hearing.
- 3. A signed and notarized Reclamation Contract, FORM MR-RC.

The Division cannot approve commencement of mining operations on the Drum Mountain Project properties until the above concerns have been resolved.

The following comments are applicable to finalization of JUMBO's permitting requirements for continued use and final reclamation of the Drum Mine property.

R613-004-106(2) Operation Practices, Deleterious Materials

Reference Operator's 1.0

The analysis of the waste material, at this site, will become the responsibility of WSMC. This will be required of WSMC as part of the topsoil deficiency package the Division has asked them to address.

R613-004-106(5) Operational Plan, Soils

Reference Operator's 6.0

The Division will require WSMC to address this portion of the plan. This will be included as part of the topsoil deficiency package previously mentioned. Please refer to the Division's March 31, 1989 letter item #3, all 3 paragraphs (copy attached).

R613-004-107(4) Operation Practices, Deleterious Materials

The previous operator failed to construct a wildlife fence around the perimeter of the process ponds, as requested in a May 9, 1984 letter from the Division (copy attached). The fence must be constructed at this time and meet specifications to prevent small and large animals from entering the pond facility.

An effective big/small animal-proof fence should be at least 6 feet high and divided into small and large mesh portions. The small mesh portion, should prevent small animals from accessing the pond, and should be at least three feet high, and must be buried 1 foot deep. The remaining portion of the fence can be large mesh or chain link, topped with a strand of barbed wire.

Page 4 Mr. E. B. King M/027/007 May 25, 1989

We also suggest, that where solution ditches are open to animal access, that these be covered or somehow fenced to prevent such access. We strongly suggest that hazing devices of some type be employed to prevent migratory bird species from accessing the pond, as well.

R613-004-109 Revegetation and Topsoiling of Slopes

The Division requires that all heap leach dump slopes be regraded to an approximate 3:1 slope. The final decision regarding the waste dump slopes will not be addressed at this time. JUMBO and WSMC must first decide whose responsibility it is to reclaim these dumps. Until then, the Division will hold WSMC responsible for their reclamation. Please refer to the March 31, 1989 letter from the Division items #1, paragraph 4.

The BLM has informed the Division that they concur with the State's position regarding final reclamation requirements for the heaps and waste dumps at the Drum Mine.

The Division establishes July 12, 1989, as the deadline for final resolution of the remaining permitting concerns outlined in this letter. If this deadline is not met, then the Division will require cessation of JUMBO's mining activity at the Drum Mine.

Thank you for your cooperation in completing this permitting action. Please contact me or D. Wayne Hedberg should you have questions pertaining to the requirements of this letter.

Sincerely,

Lowell P. Braxton

Associate Director, Mining

Swell PBrufa

DWH/jb Attachments

cc: Allan Cerny, WSMC Jerry Mansfield, State Lands

Don Ostler, BWPC F. Rex Rowley, BLM, House Range Resource Area

Minerals team

MN3/78-81

Reclamation Estimate for JUMBO MINING COMPANY M/023/013

Prepared By Utah State Division of Oil, Gas and Mining May 22, 1989

			Jumbo Mining	ng Company	Western States Minerals Corporation	States orporation	Grand	Grand Totals
esc.,ption	Unit	\$/Unit	Quantity	Cost (\$)	Quantity	Cost (\$)	Quantity	Cost (\$)
Drum Mine Pit and Decline Reclamation								
Remove Trash Construct Berms Along Highwalls	Lump Sum Linear Feet	4.70	1,200	2,000 5,640	00	00	1,200	2,000 5,640
Construct Seal 100' Inside Portal	Portals	1,000	57	~ ~	0	0	5	5,000
Backfill Portal	Cubic Yards	0.60	2,000	1,200	00	0	2,000	1,200
Revegetate *	Acres	175	12.0	2,100	00	00	12	2,100
Şubtotal				17,740		0		17,740
Heap Leach Pad Reclamation Decommission Heap Leach Pads	Acres	490	29.4	14,300	16.3	7,990	45.7	22,290
Remaye Trash Gr to a 3h:1v Slope	Acres Acres	800 800	29.4 29.4	2,940 23.520	16.3 16.3	1,630 13.040	45.7 45.7	4,570 36,560
Haul and Spread Topsoil Revegetate *	Cubic Yards Acres	0.63 175	2,000 29.4	1,260 5,150	(a) 16.3	(a) 2,850	(a) 45.7	1,260 8,000
Subtotal				47,170		25,510		72,680
Drum Mine Waste Dumps Reclamation Remove Trash Grade to a 3h:1v Slope Revegetate *	Acres Acres Acres	100 800 175	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	250 2,000 440	222 25.5 55.5	2,550 20,400 4,460	28.0 28.0	2,800 22,400 4,900
_{).} Subtotal				2,690		27,410		30,100

Reclamation Estimate for JUMBO MINING COMPANY M/023/013

Prepared By Utah State Division of Oil, Gas and Mining May 22, 1989

			Jumbo Mining Company	ng Company	Western States Minerals Corporation	States orporation	Grand	Grand Totals
)esc.,ption	Unit	\$/Unit	Quantity	Cost (\$)	Quantity	Cost (\$)	Quantity	Cost (\$)
Facilities Reclamation Demolish and Dispose of Buildings	Square Feet	2.90	5.000	14,500	0	0	5 000	14 500
Remove Fenceline	Linear Feet	1.25	15,030	18,790	0 (0	15,030	18,790
Remove 6" Pipeline	ಇ	(b)	38,000)) ()	0	0	38,000	000
Remove Trash	Acres	100	40.0	4,000 4,000	00	-	40.0	3,000 4,000
Rip Roads	Acres	150	23.3	3,500	0	0	23.3	3,500
Revegetate *	Acres	175	40.0	7,000	0	0	40.0	7,000
Subtotal				50,790		0		50,790
				118 390		52 q20		======== 171 310
\dd Contingency (10%)				11,840		5,290		17,130
OTAL RECLAMATION COST (1989 Dollars)				130,230		58,210		188,440
OTAL RECLAMATION COST (1994 Dollars) @ 1.93% Annual Inflation	1.93% Annual 1	[nflatior	_	143,000		64,000		207,000

lotes:

⁽a) The solution for the topsoil deficiency has not been determined. The salvage value exceeds removal cost. A bid was provided.

Reclamation Estimate for JUMBO MINING COMPANY M/023/013

Prepared By Utah State Division of Oil, Gas and Mining May 22, 1989 (Continued)

Cost Parameters Used

621B Scraper (0&0) Production D-8 Dozer (0&0) Production Speed w/ripper	150 240 160 300	• •		
Labor Only Trash Removal Farm Tractor (0&0) Speed Width of Pass	24 100 67 4 6	\$/hour \$/acre \$/hour mph feet		
Revegetation Cost per Acre	Quantity	Unit	\$/Unit	Total Cost (\$)
Bare Costs Seed Mix	19	Pounds	7.37	140
Application Costs Seed Mix (broadcast by hand) Scarify (tractor with chain)	0.5 0.3		24 67	12 23
Subtotal				35
Total Revegetation Cost per Acre				175

m/02;		
FROM (COMPANY NAME)	ORIGIN AIRBILL NUMBER	/IIRBORNI
OIL, GAS AND MINING ADDRESS	4 CUSTOMER AIRBORNE EXPRESS ACCOUNT NUMBERS	EXPRESS
3 TRIAD CENTER SUITE 350 CITY 355 W N TEMPLE STATE ZIP CODE (REQUIRED) SALT LAKE CITY UT 84180-1203 SENT BY (NAME/DEPT.) PHONE	SENDER 37762079 RECEIVER SAMETHOD OF PAYMENT ASSUMED SENDER UNLESS OTHERWISE NOTED) BILL BILL	EXECUTIVE OFFICES P.O. BOX 662, SEATTLE, WA 9811 THANK YOU FOR SHIPPING WITH AIRBORNE EXPRESS!
LOWELL P BRAXTON 538-5340 2 TO (COMPANY NAME) JUMBO MINING CO ADDRESS	BILL RECEIVER AIRBORNE ACCOUNT NO. BILL SENDER CHECK NO. / AMOUNT PAID IN	So Commented to the second
6305 FERN SPRING COVE STATE ZIP CODE (REQUIRED)	BILLING REFERENCE (WILL APPEAR ON INVOICE)	USE THIS AIRBILL FOR SHIPMENTS WITHIN THE U.S.
AUSTIN TX 78730 ATTN: [NAME/DEPT.] PHONE E B KING PRES 331-9123	NO. OF PACKAGES WEIGHT (LBS.) CHECK IF SUBJECT CORRECTION CORRECTION	TO AND FROM PUERTO RICO ABSENT A HIGHER SHIPMENT VALUATION, CARRIER'S LIABILIT IS LIMITED TO \$9.07 PER
DESCRIPTION TECH REVIEW/SURETY ESTIMATE/ATTACHMENTS DECLARED SHIPMENT VALUATION PREPRINT FORMAT NO.	SPECIAL INSTRUCTIONS SATURDAY AID AT DELIVERY SUBject to terms ON REVERSE SIDE OF SENDER'S COPY	POUND PER PIECE. SPECIAL OR CONSEQUENTIAL DAMAGE ARE NOT RECOVERABLE. SEE TERMS AND CONDITIONS ON REVERSE SIDE OF THIS NON-NEGOTIABLE AIRBILL. SCAC AIRB FED ID NO. 91-0837469
SENDER SIGNATURE DATE AIRBORNE SIGNATURE DATE AIRBORNE SIGNATURE	S 25 1636 ROUTE OUT	DROP OFF LOCATION AIRBORNE DROP TERMINAL BOX NO.

TERMS AND CONDITIONS

WHEN THE TERMS WE, OUR AND US ARE USED ON THIS AIRBILL, IT REFERS TO AIRBORNE EXPRESS. ITS EMPLOYEES AND AGENTS. WHEN YOU AND YOUR ARE USED, IT REFERS TO THE SENDER, ITS

TERMS OF AGREEMENT

WHEN YOU GIVE US YOUR SHIPMENT TO DELIVER, YOU AGREE TO ALL THE TERMS IN THIS NON-NEGOTIABLE AIRBILL AND IN OUR CURRENT TARIEFS AND SERVICE GUIDE WHICH ARE AVAILABLE PREVAIL THE TERMS AND CONDITIONS OF THE TARIFFS ARE MADE A PART OF THIS AGREEMENT AND RESPONSIBILITY FOR PACKAGING AND COMPLETING AIRBILL

YOU ARE RESPONSIBLE FOR ADEQUATELY PACKING THIS SHIPMENT AND FOR ACCURATELY COMPLETING THIS AIRBILL ANY ERRORS MAY RESULT IN A REBILLING BY US TO YOU.

UNLESS YOU DECLARE A HIGHER SHIPMENT VALUATION AND PAY THE FEE, OUR LIMIT OF LIABILITY SUBJECT TO THE FOLLOWING LIMITS: (A) \$500 ON A LETTER EXPRESS SHIPMENT, (B) \$5,000 ON A SHIPMENT LEFT IN A DEPOSIT STATION (DROP BOX) OTHER THAN LETTER EXPRESS, AND (C) \$24,999 ON

IN ANY EVENT WE WILL NOT BE LIABLE FOR YOUR ACTS OR OMISSIONS, INCLUDING BUT NOT LIMITED RECEIVER OR ANY OTHER PARTY HAVING AN INTEREST IN THE SHIPMENT, WE WILL NOT BE LIABLE IF

YOU OR THE RECEIVER VIOLATES ANY TERMS OF THIS AGREEMENT.

WE ALSO ARE NOT LIABLE FOR LOSS, DAMAGE OR DELAY CAUSED BY CIRCUMSTANCES OUTSIDE OF OUR CONTROL, INCLUDING BUT NOT LIMITED TO, ACTS OF GOD, PERILS OF THE AIR, WEATHER CONDITIONS, MECHANICAL AIRCRAFT FAILURES, ACTS OF PUBLIC ENEMIES, WAR, CIVIL COMMOTIONS. OR ACTS OR OMISSIONS OF PUBLIC AUTHORITIES, SUCH AS CUSTOMS AND QUARANTINE OFFICIALS WHO HAVE ACTUAL OR APPARENT AUTHORITY.

WE ARE NOT LIABLE IN ANY EVENT FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS OR LOSS OF INCOME, WHETHER

OR NOT WE HAD KNOWLEDGE THAT SUCH DAMAGES MIGHT BE INCURRED. INSURANCE

TO EXTEND YOUR PROTECTION BEYOND OUR LIABILITY, YOU MAY ELECT TO PURCHASE INSURANCE BY DESIGNATION ON THIS AIRBILL AND PAY THE PREMIUM. SUCH INSURANCE COVERAGE IS GOVERNED BY THE POLICY IN FORCE

FILING A CLAIM

ALL CLAIMS FOR REIMBURSEMENT MUST BE MADE IN WRITING TO US WITHIN SPECIFIC TIME PERIODS OR DAMAGE CLAIM, (B) ONE (1) YEAR IF AN OVERCHARGE CLAIM AND (C) THIRTY (30) DAYS AFTER THE DATE OF THE AIRBILL IF A CLAIM FOR DELAY, IF THE RECEIVER HAS SIGNED A DELIVERY RECEIPT WITHOUT NOTATION OF DAMAGE OR LOSS, WE MUST ALSO BE NOTIFIED AT DESTINATION OF THE LOSS OR DAMAGE ORALLY WITHIN FORTY-EIGHT (48) HOURS AFTER DELIVERY IF THE SHIPMENT IS PERISHABLE AND IN WRITING WITHIN 14 DAYS IF NON-PERISHABLE

IF THE RECEIVER ACCEPTS YOUR SHIPMENT WITHOUT NOTING ANY DAMAGE OR LOSS ON THE ORIGINAL SHIPPING CARTONS AND PACKING MUST BE MADE AVAILABLE FOR INSPECTION.

WE WILL NOT PAY ANY CLAIMS UN TRANSPORTATION CHARGES HAVE BEEN PAID, YOU MAY NOT DECUCT THE AMOUNT OF THE CL FROM THOSE CHARGES

LEGAL ACTION TO ENFORCE A CLAIM MUST BE BROUGHT WITHIN ONE (1) YEAR AFTER THE CLAIM HAS BEEN DENIED, IN WHOLE OR PART, BY US.

RIGHT TO INSPECTION

WE MAY, AT OUR OPTION, OPEN AND INSPECT ANY SHIPMENT FOR ANY REASON, INCLUDING BUT. NOT LIMITED TO, VERIFICATION OF CONTENTS PRIOR TO OR AFTER ACCEPTANCE OF THE SHIPMENT FOR

ALL TRANSPORTATION CHARGES AND THE C.O.D. SERVICE FEE MUST BE PAID BY YOU. WE WILL COLLECT THE C.O.D. AMOUNT IN ANY FORM CHOSEN BY THE RECEIVER, INCLUDING A PERSONAL

CHECK, OUR SOLE RESPONSIBILITY SHALL BE TO FORWARD THE PAYMENT TO YOU. RESPONSIBILITY FOR PAYMENT EVEN IF DIFFERENT PAYMENT INSTRUCTIONS ARE GIVEN, YOU WILL ALWAYS BE PRIMARILY

RESPONSIBLE FOR ALL TRANSPORTATION CHARGES AS WELL AS CHARGES INCURRED FOR RETURNING

QUALIFIED ACCEPTANCE

WE RESERVE THE RIGHT TO REJECT YOUR SHIPMENT AFTER ACCEPTANCE AND PRIOR TO PERFORMANCE OF ANY PART OF THE TRANSPORTATION SERVICES, WHEN SUCH SHIPMENT MIGHT CAUSE DAMAGE OR DELAY TO OTHER SHIPMENTS, EQUIPMENT OR PERSONNEL THIS WILL ALSO APPLY IF THE TRANSPORTATION OF YOUR SHIPMENT IS PROHIBITED BY LAW OR IS IN VIOLATION OF ANY RULES. WEIGHTS AND CORRECTIONS

TRANSPORTATION CHARGES FOR THIS SHIPMENT ARE BASED ON THE GREATER OF THE ACTUAL OR DIMENSIONAL WEIGHT, WE MAY REWEIGH OR MEASURE ANY SHIPMENT AT ANY TIME AND MAKE APPROPRIATE CORRECTIONS ON SHIPPING AND BILLING DOCUMENTS.

UNACCEPTABLE GOODS

WE WILL NOT ACCEPT THE FOLLOWING ARTICLES FOR TRANSPORTATION: (1) ART WORKS, BONDS SENSITIVE WRITTEN MATERIAL IE.G. BIDS, CONTRACT PROPOSALSI WHEN THE DECLARED VALUE EXCEEDS \$500; AND [4] ANY OTHER ARTICLE LISTED AS UNACCEPTABLE IN OUR TARIFFS OR SERVICE

WE WILL NOT BE RESPONSIBLE FOR ANY LOSS, DAMAGE, DELAY, LIABILITY OR PENALTIES RESULTING FURTHERMORE, NONE OF OUR EMPLOYEES OR AGENTS HAS ANY AUTHORITY TO ACCEPT SUCH ARTICLES FOR TRANSPORTATION OR TO MODIFY OR WAIVE THE LIMITATIONS APPLICABLE TO THEM.

SURFACE TRANSPORTATION THIS SHIPMENT MAY BE TRANSPORTED UNDER THE SURFACE FREIGHT FORWARDING AUTHORITY OF AIRBORNE FORWARDING CORPORATION, A WHOLLY-OWNED SUBSIDIARY OF AIRBORNE FREIGHT.

INTERNATIONAL SHIPMENTS

THIS AIRBILL IS NOT INTENDED FOR INTERNATIONAL SHIPMENTS. HOWEVER, IF YOU INADVERTENTLY OF INSTRUCTION AND THE SHIPMENT WILL BE SUBJECT TO INTERNATIONAL RULES AND LIABILITY. UNDER THE WARSAW CONVENTION.

IN CERTAIN LIMITED CIRCUMSTANCES WE MAY ACT AS AN AGENT OF THE CARRIER. IN WHICH CASE

THE DIRECT CARRIER'S TARIFFS SHALL APPLY.

AIRBORNE EXPRESS IS A TRADE NAME AND TRADEMARK OF AIRBORNE FREIGHT CORPORATION.